



Energy Procurement

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May 5, 2017

Michele Kito  
Energy Division  
California Public Utilities Commission  
505 Van Ness Avenue  
San Francisco, CA 94102

Re: Comments of Pacific Gas and Electric Company on the Division of Water and Audits' 2nd Quarter 2016 Audit Memorandum dated December 30, 2016

Dear Ms. Kito:

Pacific Gas and Electric Company ("PG&E") appreciates the opportunity to comment on the California Public Utilities Commission ("Commission") Division of Water and Audits' memorandum ("Audit Memo") dated December 30, 2016, concerning the audit of PG&E's second quarter 2016 Quarterly Compliance Report ("QCR"). PG&E was provided with a copy of the Audit Memo on April 17, 2017.

Provided below are the Audit Memo Findings and PG&E's Rebuttal. Consistent with PG&E's approved Bundled Procurement Plan ("BPP"), as authorized in D.12-01-033 and D.12-04-046, PG&E requests that a link to these comments be posted on the Commission website with the Audit Memo.<sup>1</sup>

Audit Memo Finding:

**PG&E failed to demonstrate its compliance with Decision (D.) 02-10-062, Appendix B.**

In the second quarter of 2016 (Q2), PG&E made a reporting error in Attachment H of its QCR. PG&E executed a purchase resource adequacy (RA) transaction and a sale RA transaction. PG&E incorrectly reported the two transactions in a net notional value in Attachment H. On September 27, 2016, PG&E submitted a revised version of Attachment H to correct the aforementioned reporting error.

Criteria: Appendix B, of D.02-10-062, the Commission requires that each utility file each quarter's energy procurement transactions of less than five years in duration with a QCR filed by an advice letter. The QCR must contain, among other things, information that is complete and accurate, including, but not limited to, the number and volume of transactions.

PG&E's Rebuttal:

PG&E is not aware of a CPUC requirement which dictates how the notional values should be reported for exchange transactions. As part of the Audit Memo Finding "Criteria", provided

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<sup>1</sup> PG&E will provide a link to these comments when the Audit Memo has been posted to the Commission's website.

by Department of Water and Audit staff ("Staff"), PG&E met the criteria described in Appendix B, of D.02-10-062, as noted above. The System Resource Adequacy ("RA") exchange transaction in Attachment H was correctly stated. PG&E did not report any information erroneously. PG&E reported the net notional value between the purchase and sale ("Exchange") and did not report the individual purchase and sale transactions separately. As such, PG&E agreed to report the notional value for the individual purchase and sale transactions separately and provided a mark-up of its Q2 2016 Confidential Attachment H for illustrative purposes as part of the Audit Finding response on September 27, 2016.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Kelly Everidge".

Kelly Everidge

Director

Energy Compliance and Reporting Department

cc: Charles Middlekauff, Law Department  
Shilpa Ramaiya, CPUC Electric Proceedings  
Leslie Almond, CPUC Electric Proceedings  
Marianne Cocard-Aikawa, Energy Compliance and Reporting  
Angela Torr, Energy Compliance and Reporting